

## SUPREME COURT OF NEW JERSEY

IT IS ORDERED that the attached revisions to Appendix IX-A (AConsiderations in the Use of Child Support Guidelines@) and Appendix IX-B (AUse of the Child Support Guidelines -- General Information; Line Instructions for the Sole-Parenting Worksheet; Line Instructions for the Shared-Parenting Worksheet@) of the Rules Governing the Courts of the State of New Jersey are adopted effective immediately.

For the Court,  
/s/ Deborah T. Poritz  
Chief Justice

Dated: April 4, 2000

## APPENDIX IX-A

### CONSIDERATIONS IN THE USE OF CHILD SUPPORT GUIDELINES

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#### 7. Assumptions Included in the Child Support Guidelines

- a. ...no change
- b. ...no change
- c. ...no change
- d. ...no change
- e. ...no change
- f. ...no change
- g. ...no change
- h. *Self-Support Reserve* - The self-support reserve is a factor in calculating a child support award only when one or both of the parents have income at or near the poverty level. The self-support reserve is 105% of the U.S. poverty guideline for one person. It attempts to ensure that the obligor has sufficient income to maintain a basic subsistence level and the incentive to work so that child support can be paid. A child support award is adjusted to reflect the self-support reserve only if its payment would reduce the obligor's net income below the reserve *and* the custodial parent's (or the Parent of the Primary Residence's) net income is greater than 105% of the poverty guideline. The latter condition is necessary to ensure that custodial parents can meet their basic needs so that they can care for the children. As of [March 18, 1999] February 15, 2000, the self-support reserve is [\$166.00] \$169.00 (this amount is 105% of the poverty guideline for one person).
- i. ...no change
- j. ...no change
- k. ... no change

\* \* \*

#### 14. Shared-Parenting Arrangements

- a. ...no change
- b. ...no change
- c. ...no change
- d. ...no change
- e. If a shared-parenting award is inappropriate due to the PPR's limited household income, a sole-custody award shall be calculated.

Shared-Parenting Primary Household Net Income Thresholds (2.0 x [1999] <u>2000</u> Poverty Guideline)		
Total Persons in Household	Weekly Net Income	Annual Net Income
2	[\$425] <u>\$433</u>	[\$22,120] <u>\$22,500</u>
3	[\$534] <u>\$544</u>	[\$27,760] <u>\$28,300</u>
4	[\$642] <u>\$656</u>	[\$33,400] <u>\$34,100</u>
5	[\$751] <u>\$767</u>	[\$39,040] <u>\$39,900</u>
6	[\$859] <u>\$879</u>	[\$44,680] <u>\$45,700</u>
7	[\$968] <u>\$990</u>	[\$50,320] <u>\$51,500</u>
8	[\$1,076] <u>\$1,102</u>	[\$55,960] <u>\$57,300</u>

- f. ...no change
- g. ...no change
- h. ...no change
- i. ...no change
- j. ...no change

\* \* \*

**20. Extreme Parental Income Situations** - Although these guidelines apply to all actions to establish and modify child support awards, extremely low or high parental income situations make the Appendix IX-F awards inappropriate due to the limitations of the economic data. The guidelines listed below apply to extreme parental income situations.

- a. *Obligors With Net Income Less Than the U.S. Poverty Guideline.* If an obligor's net income, after deducting that person's share of the total support award, is less than 105% of the U.S. poverty guideline for one person (net income of [\$166] ~~\$169~~ per week as of [March 18, 1999] February 15, 2000 or as published annually in the Federal Register), the court shall carefully review the obligor's income and living expenses to determine the maximum amount of child support that can reasonably be ordered without denying the obligor the means of self-support at a minimum subsistence level. If an obligee's income is less than 105% of the poverty guideline, no self-support reserve adjustment shall be made regardless of the obligor's income. When assessing whether an obligee has sufficient net income to permit the application of the self-support reserve for an obligor, the court may consider the effect of the obligee's share of the child support obligation (note that this amount is not calculated on either worksheet). Thus, at the court's discretion, the obligor self-support reserve may not be applied if obligee's net income minus the obligee's child support obligation is less than 105% of the poverty guideline for one person. In all cases, a fixed dollar amount shall be ordered to establish the principle of the parent's support obligation and to provide a basis for an upward modification should the obligor's income increase in the future. In these circumstances, the support award should be between \$5.00 per week and the support amount at \$170 combined net weekly income for the appropriate number of children.
- b. ...no change

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## APPENDIX IX-B

### USE OF THE CHILD SUPPORT GUIDELINES

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#### Line Instructions for the Sole-Parenting Worksheet

##### Lines 1 through 5

##### Determining Income

*Gross Income* - ...no change

*Sources of Income* - ...no change

*Income from self-employment or operation of a business* - ...no change

*Sporadic Income* - ...no change

*Military Pay* - ...no change

*In-Kind Income* - ...no change

*Alimony, Spousal Support, and/or Separate Maintenance Received* - ...no change

*Types of Income Excluded from Gross Income* - ...no change

*Collecting and Verifying Income Information* - ...no change

***Taxable and Non-Taxable Income*** - Before determining Net Income, gross income must be separated into taxable and non-taxable portions to ensure that withholding taxes are deducted only from taxable gross income. Generally, the types of income listed below are not subject to tax. Other types of income may be non-taxable depending on the status of the taxpayer or the source of income. For more information on taxable and non-taxable income, refer to IRS Publication 525 (*Taxable and Non-Taxable Income*) or, for New Jersey income taxes, see N.J.S.A. 54A:6-1 and NJ-WT. The following items are considered income to the parents, but should not be used to calculate withholding or income taxes when determining net income.

1. *Income Not Subject to Federal Income Tax* ... no change

*2. Income Not Subject to New Jersey State Income Tax ...no  
change*

*Note on Social Security Taxes:* Social Security tax withholding (FICA) for high-income persons may vary during the year. In the early part of the year, 6.2% is withheld on the first [\$72,600] \$76,200 of gross earnings (for wage earners in [1999] 2000). After the maximum [\$4,501] \$4,724 is withheld, no additional FICA taxes are withheld. Thus, pay stubs issued early in the year may understate net income, while those issued later in the year may overstate it. To estimate weekly FICA taxes, amortize the annual FICA tax using the number of weeks employed or use the Appendix IX-H combined tax tables. Note that self-employed persons must pay the full FICA tax (12.4%) up to the [\$72,600] \$76,200 limit and the full Medicare tax rate (2.9%) on all earned income.

*Analyzing Income Tax Returns ... no change*

\* \* \*

**Line 2a**  
**Withholding Taxes**

**Enter** each parent's combined weekly federal, state, and local withholding taxes in the appropriate Line 2a column.

Once the taxable portion of gross income is determined, the combined federal, state, city (if applicable), Social Security, and Medicare withholding taxes are deducted. As set forth below, four methods are available to determine the amount of combined income tax withholding to be deducted from gross income.

1. Combined Income Tax Withholding Tables (Appendix IX-H) - To use the combined tax withholding tables, the gross taxable income and the number of withholding allowances claimed must be known.

a. ... no change

b. Individuals must justify claiming fewer withholding exemptions than allowed since this may result in less available gross income per payroll period and may provide the taxpayer with a substantial refund at the end of the year that will not be considered when determining the child support award. Unless a party can show good cause for claiming fewer withholding allowances than permitted, the following standards shall be used to determine withholding taxes from the Appendix IX-H Combined Tax Withholding Tables:

- (1) one withholding allowance for the parent;
- (2) one withholding allowance for a current spouse;
- (3) one withholding allowance for each dependent child; and
  - (a) for incomes between [\$16,500 and \$47,000] \$18,000 and \$50,000 if unmarried or between [\$21,000 and \$60,000] \$23,000 and \$63,000 if married, one additional allowance for each dependent child; or
  - (b) for incomes between [\$47,000] \$50,000 and \$80,000 if unmarried or between [\$60,000] \$63,000 and \$115,000 if married, one additional allowance if there are either two or three dependent children or two additional allowances if there are four or more dependent children.

2. End-of-Year Tax Obligations - ...no change

3. Year-to-Date Calculation - ... no change



#### 4. Self-Employed Persons - ... no change

\* \* \*

**Lines 24, 25, and 26**  
**Maintaining a**  
**Self-Support Reserve**

To ensure that the obligor parent retains sufficient net income to live at a minimum subsistence level and has the incentive to work, that parent's net child support award is tested against 105% of the U.S. poverty guideline for one person. If the NCP's net income after deducting the child support award is less than the self-support reserve, the order should be adjusted. **No such adjustment shall occur, however, if the custodial parent's net income is less than the self-support reserve.** This priority is necessary to ensure that custodial parents can meet their basic needs while caring for the child(ren). The poverty guideline will be disseminated by the AOC each February or when it is published in the Federal Register. The self-support reserve test is applied as follows:

1. Subtract the obligor's child support obligation from that person's net income.
2. If the difference is greater than 105% of the poverty guideline for one person ([~~\$166~~] ~~\$169~~ per week as of [March 18, 1999] February 15, 2000), the self-support reserve is preserved and the obligor's support obligation is the child support order.
3. If the difference is less than 105% of the poverty guideline for one person ~~and~~ the custodial parent's net income is greater than 105% of the poverty guideline, the obligor's child support order is the difference between the obligor's net income and the 105% of the poverty guideline for one person.

In determining whether the application of the self-support reserve is appropriate, the court may need to impute income to a parent as provided in Appendix IX-A. The court should also consider a parent's actual living expenses and the custodial parent's share of the support obligation (see Appendix IX-A, paragraph 20).

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## Line Instructions for the Shared-Parenting Worksheet

\* \* \*

### Lines 1 through 5 Determining Income

*Gross Income* - ...no change

*Sources of Income* - ...no change

*Income from self-employment or operation of a business*- ... no change

*Sporadic Income* - ...no change

*Military Pay* - ...no change

*In-Kind Income* - ...no change

*Alimony, Spousal Support, and/or Separate Maintenance Received* - ...no change

*Types of Income Excluded from Gross Income* - ...no change

*Collecting and Verifying Income Information* - ...no change

***Taxable and Non-Taxable Income*** - Before determining Net Income, gross income must be separated into taxable and non-taxable portions to ensure that withholding taxes are deducted only from taxable gross income. Generally, the types of income listed below are not subject to tax. Other types of income may be non-taxable depending on the status of the taxpayer or the source of income. For more information on taxable and non-taxable income, refer to IRS Publication 525 (*Taxable and Non-Taxable Income*) or, for New Jersey income taxes, see N.J.S.A. 54A:6-1 or NJ-WT. The following items are considered income to the parents, but should not be used to calculate withholding or income taxes when determining net income.

1. *Income Not Subject to Federal Income Tax* - ... no change

2. *Income Not Subject to New Jersey State Income Tax* ... no change

*Note on Social Security Taxes:* Social Security tax withholding (FICA) for high-income persons may vary during the year. In the early part of the year, 6.2% is withheld on the first [\$72,600] \$76,200 of gross earnings (for wage earners in [1999] 2000). After the maximum [\$4,501] \$4,724 is withheld, no additional FICA taxes are withheld. Thus, pay stubs issued early in the year may understate net income, while those issued later in the year may overstate it. To estimate weekly FICA taxes, amortize the annual FICA tax using the number of weeks employed or use the Appendix IX-H combined tax tables. Note that self-employed persons must pay the full FICA tax (12.4%) up to the [\$72,600] \$76,200 limit and the full Medicare tax rate (2.9%) on all earned income.

***Analyzing Income Tax Returns*** - ... no change

\* \* \*

**Line 2a**  
**Withholding Taxes**

**Enter** each parent's combined weekly federal, state, and local withholding taxes in the appropriate Line 2a column.

Once the taxable portion of gross income is determined, the combined federal, state, city (if applicable), Social Security, and Medicare withholding taxes are deducted. As set forth below, four methods are available to determine the amount of combined income tax withholding to be deducted from gross income.

1. Combined Income Tax Withholding Tables (Appendix IX-H) - To use the combined tax withholding tables, the gross taxable income and the number of withholding allowances claimed must be known.

a. ... no change

b. Individuals must justify claiming fewer withholding exemptions than allowed since this may result in less available gross income per payroll period and may provide the taxpayer with a substantial refund at the end of the year that will not be considered when determining the child support award. Unless a party can show good cause for claiming fewer withholding allowances than permitted, the following standards shall be used to determine withholding taxes from the Appendix IX-H Combined Tax Withholding Tables:

- (1) one withholding allowance for the parent;
- (2) one withholding allowance for a current spouse;
- (3) one withholding allowance for each dependent child; and
- (a) for incomes between [\$16,500 and \$47,000] \$18,000 and \$50,000 if unmarried or between [\$21,000 and \$60,000] \$23,000 and \$63,000 if married, one additional allowance for each dependent child; or
- (b) for incomes between [\$47,000] \$50,000 and \$80,000 if unmarried or between [\$60,000] \$63,000 and \$115,000 if married, one additional allowance if there are either two or three dependent children or two additional allowances if there are four or more dependent children.

2. End-of-Year Tax Obligations - ...no change

3. Year-to-Date Calculation - ... no change

4. Self-Employed Persons - ... no change

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## **Lines 32 and 33 Maintaining a Self- Support Reserve**

To ensure that the PAR retains sufficient net income to live at a minimum subsistence level and has the incentive to work, that parent's net child support award is tested against 105% of the U.S. poverty guideline for one person. If the PAR's net income after deducting the child support award is less than the self-support reserve, the order should be adjusted. No such adjustment shall occur, however, if the PPR's net income is less than the self-support reserve. This priority is necessary to ensure that a PPR can meet his or her basic needs while caring for the child(ren). The poverty guideline will be disseminated by the AOC each February or when it is published in the Federal Register. The self-support reserve test is applied as follows:

1. Subtract obligor's child support obligation from that person's net income.
2. If the difference is greater than 105% of the poverty guideline for one person ([§166] ~~\$169~~ per week as of [March 18, 1999] February 15, 2000), the self-support reserve is preserved and the obligor's support obligation is the child support order.
3. If the difference is less than 105% of the poverty guideline for one person and the PPR's net income is greater than 105% of the poverty guideline, the obligor's order is the difference between the obligor's net income and the 105% of the poverty guideline for one person.

In determining whether the application of the obligor self-support reserve is appropriate, the court may: impute income to a parent as provided in Appendix IX-A, take into account a parent's actual living expenses, and/or consider the PPR's support obligation to the children (see Appendix IX-A, paragraph 20).

**NOTE:** In some family situations, (e.g., the PPR's income exceeds the PAR's income and shared parenting times are near equal), the PPR may owe child support to the PAR (in such cases, the PAR's obligation is a negative number). If this occurs, the self-support reserve should be tested using the PPR's net income and the absolute value of the PAR's negative obligation. In all cases, the PPR should be given the priority with regard to the self-support reserve.

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